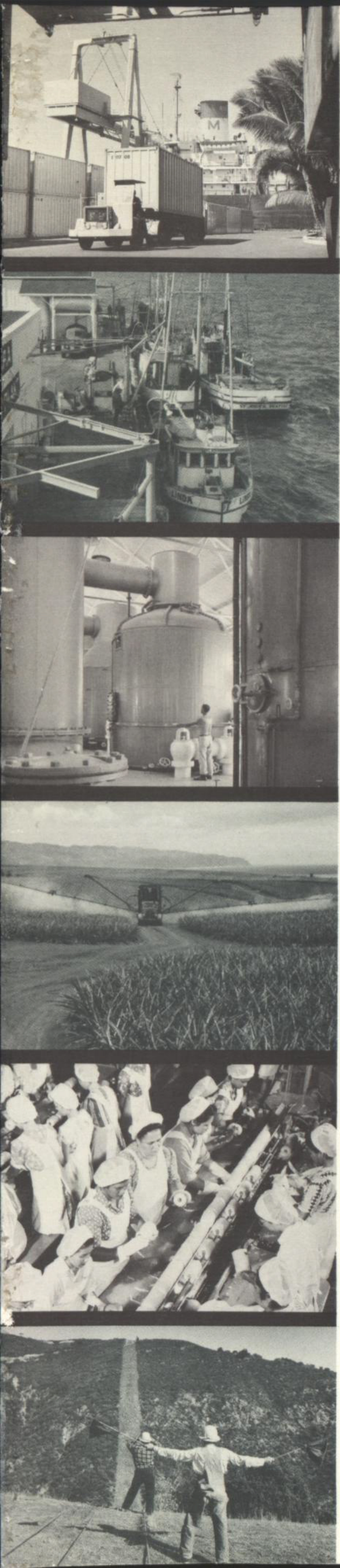


ANNUAL REPORT

1960

CASTLE & COOKE, INC.

The new look in Honolulu waterfront operations is shown by this aerial view of Diamond Head Terminal. Cargo containers are neatly lined up in marshaling yard while giant crane unloads others.

CASTLE & COOKE, INC.

HIGHLIGHTS OF 1960

EARNINGS — Net profit was $2,991,141 compared with $3,031,390 for 1959.

•

MERGER — Directors authorized management to negotiate mergers of Dole Corporation and Columbia River Packers Association into Castle & Cooke, subject to approval by boards of directors and stockholders concerned.

•

SUGAR — Ewa and Waialua sugar companies reported improved production and earnings, but Kohala had a net loss.

•

PINEAPPLE — Dole Corporation's net earnings are down because of the effect of adverse weather on the crop and intensified competition for sales.

•

SEAFOOD — Columbia River Packers' sales are ahead of last year's record and for the current fiscal year, earnings are expected to exceed those of the comparable 1959-1960 period.

•

SHIPPING — Matson's container program has been well received by the trade. Specialized ships have been added to the service. Earnings, however, are far from adequate and a freight rate increase is pending.

•

HONOLULU OIL — Possible sale of Honolulu Oil Corporation's properties and assets is under study.

TO THE STOCKHOLDERS OF CASTLE & COOKE, INC.

Consolidated net earnings for Castle & Cooke, Inc., in 1960 were $2,991,141 compared with $3,031,390 for 1959. There was no large capital gain on sale of land as there was in 1959, and Kohala Sugar Company, the earnings of which are consolidated with those of Castle & Cooke, reported a loss of $71,604 for 1960 compared with a net profit of $249,209 for 1959. Earnings from operating income sources were somewhat improved over the prior year but the difference was not enough to offset the items noted above.

Per share earnings on a consolidated basis amounted to $1.87 for 1960 as compared with $1.93 for the prior year. As was the case in 1959, a cash dividend of $1 was paid, plus a stock dividend of two per cent.

From an earnings standpoint, the year was generally a good one for this company as it was for most businesses throughout the state.

Continuation of the construction boom helped maintain a high level of freight volume. Castle & Cooke derives stevedoring and freight agency income from this source. Sales of industrial equipment by our wholly-owned subsidiary were similarly benefited.

Two of our affiliated sugar companies, Waialua Agricultural Company, Ltd., and Ewa Plantation Company, showed improved production and earnings, but Kohala Sugar Company, as noted previously, reported a substantial loss.

Dole Corporation reported lower sales and net earnings for the first six months of the 1960-1961 fiscal year as compared with the corresponding 1959-1960 period. On the other hand, Columbia River Packers Association sales are well ahead of last year's record.

As will be noted later in this report, other operations in which we are interested show no particularly significant change from the previous year.

The major development affecting Castle & Cooke and the direction of the company's future growth and business activities was the decision by our directors early in January, 1961, to authorize the company management to negotiate mergers of Dole Corporation and Columbia River Packers Association, Inc., into Castle & Cooke, subject to approval by the boards of directors and stockholders concerned.

You may recall that in commenting on the changes which are taking place in Hawaii, our 1959 report to you said, "Long-established companies such as ours are reviewing their investments and traditional patterns of business to be in a position to participate in new growth possibilities here and elsewhere."

For the past several years the management and staff of your company have explored numerous new business possibilities, seeking further opportunity for sound growth. Our earlier investments in seafood products, macadamia nuts and industrial equipment sales are examples of management thinking and action in this direction.

More recently the management and directors have agreed on the desirability of further steps which would be consistent with changing business conditions in Hawaii and would at the same time, broaden the base of our investments to include opportunities in areas outside of Hawaii.

It is felt that if Castle & Cooke is to improve upon its relatively static earning capacity, the emphasis in our business direction should be away from that of an investment-agency concern to a company more firmly established in the food industry which has experienced dynamic growth in recent years. The decision to negotiate the proposed mergers with Dole and CRPA seems to be a course of action which will provide the company with a greater growth potential.

As this report went to press, the proxy statement containing data relative to the proposed mergers was being prepared. It will be sent to you shortly for your information and use in voting on this matter.

The balance of this report summarizes the 1960 accomplishments and activities of our various affiliated companies and major operating divisions.

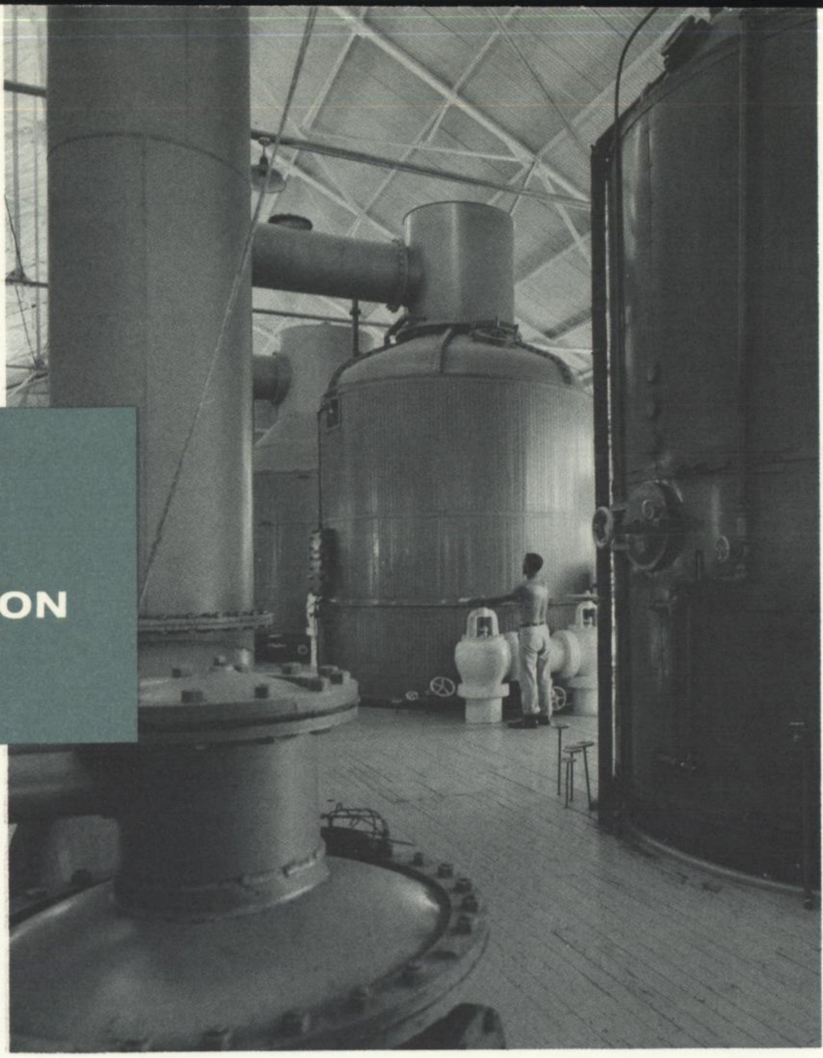
A. G. Budge

A. G. BUDGE
Chairman of the Board

Malcolm MacNaughton

MALCOLM MACNAUGHTON
President

SUGAR PRODUCTION



This view of Ewa boiling house shows vacuum pans where sugar crystals are formed.

The three sugar companies, in which Castle & Cooke is the principal stockholder and which it serves as agent, share with other producers throughout the state many perplexing uncertainties as the industry moves into a new year.

Production and earnings reports from most plantation companies throughout Hawaii still reflect the effect of the industry-wide strike in 1958. Even under the relatively normal conditions prior to the strike, earnings did not represent an adequate return on the investment.

As this report went to press the sugar industry and the ILWU had not yet reached agreement on a new contract to replace the one which expired January 31, 1961. Although the industry offered a wage increase, it did not satisfy union demands and other issues were still unresolved. Whatever terms evolve from negotiations, it was apparent that the new contract would result in increased operating costs. This underscores the necessity of establishing more reliable adherence to contract provisions to assure dependable performance and mutual recognition of the importance of productivity.

There is a critical need to establish firmer respect on the part of the industry's employees and their union for collective bargaining agreements and for the procedures established by them to settle grievances. The past year was marked by a rash of quickie strikes and slowdowns throughout the industry. The negotiators for the companies stressed the urgency of this problem when the contract talks opened. It is hoped that whatever new agreement is negotiated will be a more effective instrument for preserving peaceful and stable relations than has been the case in the recent past.

Of related importance is the intensified competition which Hawaii's sugar industry faces in its mainland market. As a result of suspension of sugar shipments from Cuba, restrictions on beet sugar plantings were removed during the past year. Competition from beet producers in the western states, Hawaii's traditional prime market area, is expected to put increasingly intense pressure on California and Hawaiian Sugar Refining Corporation which is responsible for selling the sugar produced in Hawaii.

It is significant in this connection that Hawaii's total production for 1960 was 935,744 tons of raw sugar. This was 39,888 tons under the 1959 output and is the lowest for any non-strike year since 1948. Although higher tonnage is expected in 1961, Hawaii may not have the capability to keep pace with increased beet plantings, even if permitted to do so under quota allocations.

The 1960 earnings and operating results for the three sugar companies affiliated with Castle & Cooke are as follows:

EWA PLANTATION COMPANY

Ewa is showing encouraging recovery from the devastating effects of the 1958 strike which left this plantation with more extensive damage than any other in the islands.

The 1960 crop totaled 44,283 tons or 9,384 more than the 34,899 tons produced in 1959. The 1961 crop estimate is approximately 56,500 tons. The latter figure is still below normal for Ewa as indicated by comparison with the pre-strike total of 61,392 tons for 1957. It should be noted in this connection that Ewa has lost 250 cane-producing acres to suburban development in the last three years.

In contrast with a net loss of $138,878 for 1959, Ewa reported a profit of $100,994 for 1960. On the basis of the improved production and more encouraging prospects for the company, the directors authorized payment of 50 cents in dividends, the first since dividends were suspended in 1958.

The Waianae mountains of Oahu form a backdrop for the Waialua factory.

WAIALUA AGRICULTURAL COMPANY

Operations at Waialua during a large portion of the year were disrupted by a prolonged slowdown by harvesting employees as a result of a dispute over wage incentives and other problems. This difficulty arose following the changeover from the grab to the rake-harvesting method.

Sugar production totaled 57,694 tons compared with 56,115 tons for 1959. The 1959 figure, however, included 6,507 tons from fields carried over from 1958. The forecast for 1961 is 61,500 tons which, if realized, will bring Waialua back to within a few thousand tons of a normal crop.

Waialua's net earnings for 1960 were $410,190 compared with $133,827 for 1959. Directors authorized payment of a 35-cent dividend in December. Stockholders were advised at that time that future dividend action will be considered semi-annually until a return to a quarterly review is warranted by stabilization of the labor situation.

KOHALA SUGAR COMPANY

Kohala's crop for the year amounted to 41,934 tons of sugar compared with the record 50,253 tons for 1959. The drop in tonnage resulted primarily from deteriorated overage cane reflecting continuing effect of the 1958 strike. During 1960 the company experienced severe drought conditions which will have an adverse effect on the 1961 crop, forecast at about 42,000 tons.

The company reported a net loss of $71,604 for 1960 compared with a profit of $249,209 for 1959. Kohala is a wholly-owned subsidiary and its earnings are consolidated with those of Castle & Cooke.

PINEAPPLE PRODUCTION

Golden cylinders of pineapple move down trimming line, after fruit is cored and peeled by Ginaca machines.

Dole Corporation (formerly Hawaiian Pineapple Company, Ltd.) reported net earnings of \$2,577,109, or \$1.19 per share, for its fiscal year ending May 31, 1960. In its prior year, net earnings were \$4,241,144, or \$1.98 per share. Cash dividends were \$1 per common share.

The lower earnings were the result of two major factors. Abnormally dry weather in Hawaii for the second consecutive year, particularly on Lanai, reduced pineapple tonnage and resulted in shortages of solid-pack fruit in the latter months of the fiscal period. At the same time, competition in fruit juices and beverages adversely affected sales and profit margins of Dole products in this market.

The company enlarged its program to counteract the effects of adverse growing conditions by extending Lanai's irrigation system and altering agricultural practices. This program should assure better fruit supplies in the future, but the initial cost is expected to penalize profit somewhat for the current fiscal year.

For the first six months of its 1960-61 fiscal period, Dole reported lower sales and estimated net earnings, as compared with the same period of the prior year. Sales during the first half of the 1959-60 year, however, were larger than normal because of trade buying in advance of a price increase on solid-pack pineapple.

With "wingspread" of a jet airliner trucks spray fertilizer on pineapple plants in Dole fields.

In October, 1960, the company began operation of a cemetery project through a wholly-owned subsidiary, Mililani Memorial Park, Inc. Mililani's sales for the first three months were substantially in excess of original projections.

A master plan for Dole's fee simple lands on Oahu is under development. One project under consideration is the creation of a self-contained community in the Waipio district of central Oahu comprising industrial, commercial and residential lands.

SEAFOOD PRODUCTS

For the first eight months of its fiscal year beginning May 1, 1960, sales of seafood products of Columbia River Packers Association were substantially ahead of the previous year's record for the same period.

Profit margins on sales were comparable to the per cent of profit experienced previously. This trend indicates the company's earnings for the current year will exceed those of 1959-1960.

In 1960 CRPA, jointly with Wards Cove Packing Company, Inc., formed a subsidiary known as Lake Union Terminals, Inc. This resulted in the acquisition of fresh water terminal facilities on Lake Union in Seattle, consisting of docks, warehouse and offices. The property represents a sound real estate investment and will also serve as a needed base for CRPA's Alaskan operations.

Although tuna fishing operations in Hawaiian waters and off the coast of Oregon and Washington were less productive during 1960 than in the preceding year, increased sources of tuna from other areas of the Pacific enabled the company to provide for its steadily growing market requirements of Bumble Bee and Coral products. Canning operations are continuing in both the Astoria and Honolulu plants.

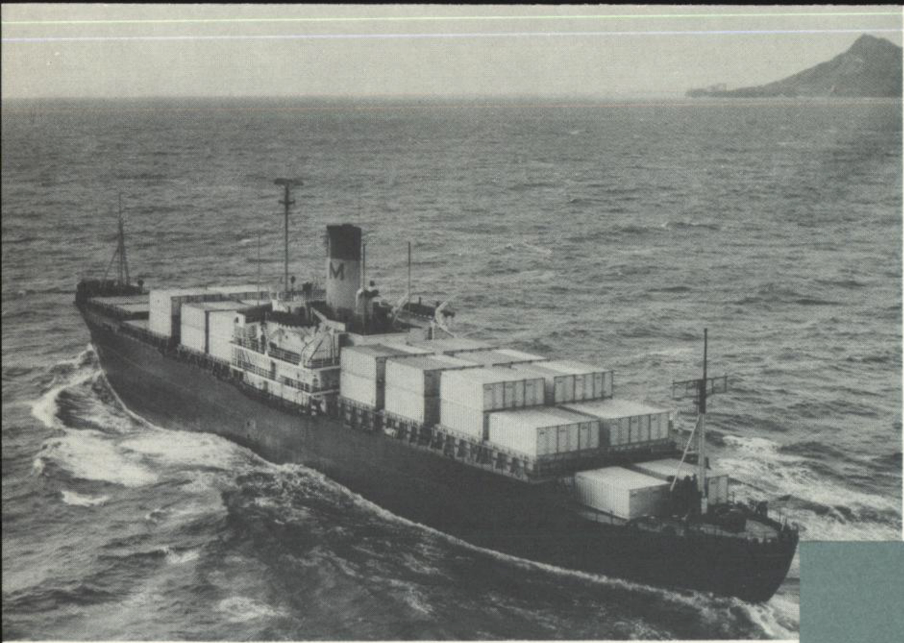
The company's overall pack of Alaska salmon from its own operations and from subsidiaries was sufficient to offset lower packs on the Columbia River and on Puget Sound.

MACADAMIA NUTS

While the 1960 pack of Royal Hawaiian macadamia nuts at Castle & Cooke's orchard and processing plant on the Island of Hawaii was nearly double that of the preceding year, the crop was below estimate. This was largely the result of adverse climatic conditions at the time of flowering.

Meantime, consumer acceptance of the Royal Hawaiian brand in all of our markets has been extremely gratifying. Further improvements were made in the factory facilities and production process during 1960.

Although we have yet to reach the break-even point, the long-term prospects continue to be favorable.



Matson's new container ship, Hawaiian Citizen, under way with full load.

SHIPPING

Matson's container program, begun late in 1958 and implemented in 1959, matured as a major transportation achievement in 1960.

The Hawaiian Citizen, a specially designed container ship capable of moving 408 dry and refrigerated units, entered service in May.

Two C-4 type vessels, the Californian and the Hawaiian, followed in July and August, respectively. These are primarily sugar carriers, each with a lifting capacity to the mainland of 15,700 tons of sugar and 2,000 tons of molasses. They are equipped to carry 248 containers on the return voyage, and are the largest dry cargo vessels under the American flag.

Another shipping innovation was the conversion of the Hawaiian Fisherman to serve primarily as an automobile carrier. This C-3 freighter was remodeled and equipped to move about 465 autos on each Hawaii-bound voyage.

The addition of these four versatile ships helped round out the Matson freighter fleet which includes six C-3 type vessels, each outfitted to carry 75 containers on deck, supplementing conventional tonnage below deck. Other studies under way by Matson include specialized lumber vessels and possible container service for outports.

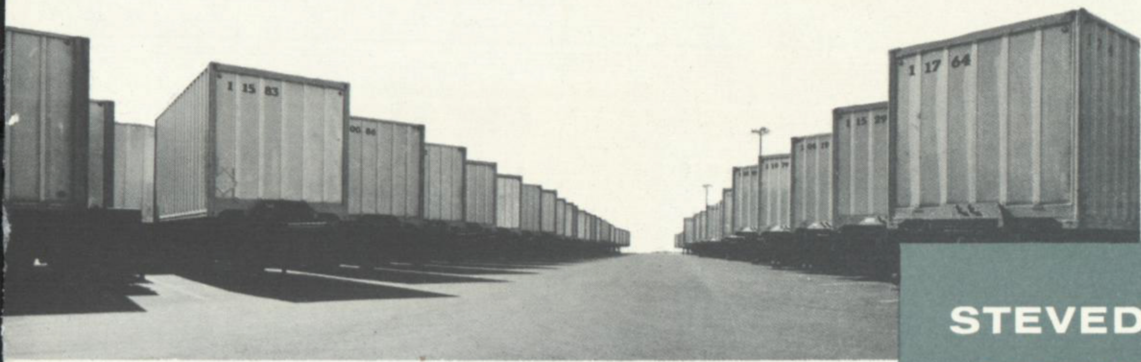
Competition, a serious challenge to Matson in 1959, eased early in 1960 when Hawaiian Marine Freightways discontinued weekly service between San Francisco and Honolulu. In November, however, another carrier filed tariffs to provide lumber and general cargo service from the West Coast.

Despite the high volume of tonnage and various improvements inaugurated by Matson to improve efficiency, the company's freight earnings have not kept pace with rising costs.

An application for a 12½ per cent rate increase is pending before the Federal Maritime Board in Washington. Meantime, Matson's labor costs have risen further

with the result that even if the FMB were to grant the requested percentage increase or a major portion of it, the company's return would still be far from adequate.

The company's revenue from passenger ship operations has been affected by competition from jet air service and the general economic recession. Sales efforts are being intensified.



Matson containers lined up on mobile chassis in the marshaling yard await delivery to consignees.

STEVEDORING OPERATIONS

Castle & Cooke Terminals, Limited, our wholly-owned stevedoring subsidiary, has felt the impact of increasing emphasis on mechanization and bulk movement of cargoes.

Changes in procedures and realignment of staff responsibilities were required to adjust operations to Matson's new container service.

The transfer of container operations to the state-owned piers and designation of the Terminals as operators of the container yard and freight station also necessitated a greater than usual capital outlay for new equipment.

As a result of continued construction and business activities throughout the community, tonnages remained at high levels. At times this would have created abnormal congestion had not much of the cargo been diverted to container operations from conventional handling methods.

Of importance in connection with the changes in operating procedures and increasing mechanization was the negotiation of amendments to the existing longshore labor contract. These provided for establishment of a mechanization fund of $450,000, severance allowances for persons laid off, and new wage guarantees. The mechanization fund is comparable to, but separate from, the one recently established on the Pacific Coast.

Although there were a few quickie strikes of short duration, relations with the union were generally stable throughout this transition period.

The scope of the Terminals' operations was expanded somewhat with the acquisition of new stevedoring and terminal services accounts.

Pictured above are food items representative of the

products of Castle & Cooke and affiliated companies.

FREIGHT AGENCY

In addition to functioning as freight agent for Matson in the port of Honolulu, Castle & Cooke's freight traffic department also serves Isthmian and Nippon Yusen Kaisha vessels and provides husbanding services for other carriers.

Conventional as well as container cargo continued to move in heavy volume throughout the year. The trade has responded favorably to the container service and an increasing number of Matson's freight customers are finding these units particularly suited to their business requirements.

A substantial portion of departmental staff time was devoted to assisting Matson in development of container rates and to providing data in support of the carrier's application for a general tariff increase.

KAWAIHAE TERMINALS

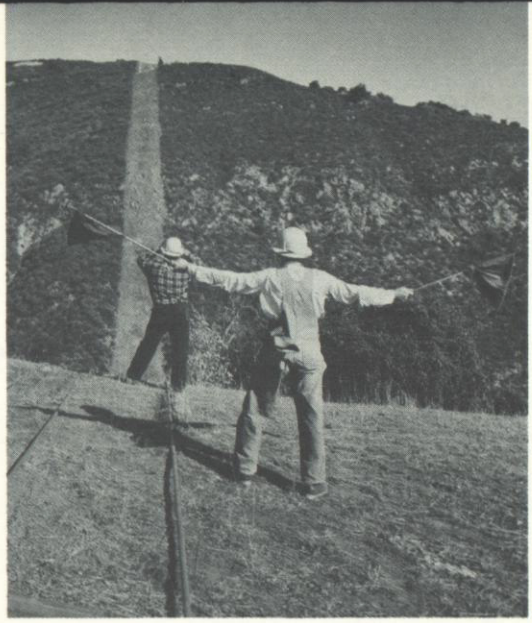
Following the settlement in July of a labor problem which had prevented the company from normal operations for more than a year, Kawaihae Terminals shipped 41,000 tons of raw bulk sugar to the C and H Refinery at Crockett, California.

Kawaihae presently receives bulk sugar from Kohala Sugar Company, Honokaa Sugar Company and Hamakua Mill Company. These three plantations accounted for the 31,500 tons of sugar delivered to the port in 1960. This tonnage, plus 13,000 tons of sugar held over from 1959, accounted for a total of 44,500 tons stored during the year. In the future annual receipts of 100,000 tons are anticipated.

In addition to sugar storage and shipping operations, the Terminals pumped 24,200 tons of molasses aboard vessels bound for the West Coast.

The company also serves as distributor in West Hawaii for Union Oil petroleum products. Five large petroleum tankers visited the port during the year. The tank farm, located on property leased from the state, is operated by the Terminals.

Foreshadowing future growth of the area, new high voltage lines now cross Blackhawk Ranch.



BLACKHAWK RANCH

In 1956 Castle & Cooke purchased the 6,500-acre Blackhawk Ranch on the south slope of Mt. Diablo, 30 miles east of San Francisco. The property was acquired as a long-range investment in a region where there appeared to be good prospects of further population growth and corresponding appreciation of land values.

The past year has seen the start of several projects which indicate accelerated development of the area adjacent to Blackhawk. These include a 25,000-population community at Dublin, 12 miles from the property; an additional parallel tunnel linking the cities of Oakland and Berkeley to Contra Costa County, and a major freeway which will pass within five miles of the property.

HONOLULU OIL

Honolulu Oil Corporation has been investigating the possibility of selling its properties and assets. Interest has been evidenced by a substantial number of prospective purchasers. The final date for submittal of offers or tenders was established as February 15, 1961. It is anticipated that a considerable period of time will be required by the company's officers and directors before any recommendation can be made to the shareholders.

During the year, Matson distributed the balance of its stock in Honolulu Oil to Matson shareholders at a ratio of one-third share of the oil company stock for each share of Matson held. As a result of this distribution, Castle & Cooke received 70,307 additional shares of Honolulu Oil, bringing the total shares held by this company to 230,307 or about six per cent of those outstanding.

Honolulu Oil earnings for 1960 were $2.74 per share compared to $3.45 for 1959. Dividends of $2 per share were paid, the same as in the prior year. On the basis of the 160,000 shares held by Castle & Cooke up to August, 1960, and the 230,307 shares held since that time, the company's income from this investment amounted to $390,306 for the year.

INDUSTRIAL EQUIPMENT SALES

Despite a highly competitive market, Hawaiian Equipment Company, a wholly-owned subsidiary, established a new record of $7,300,000 sales volume in 1960. Although gross profits declined, a reasonable net profit was made.

A new branch sales office was established on Maui after 12 years of representation on that island through an agent. As a result, Hawaiian Equipment now has branches on all the major islands in the state, as well as the main office, display room, stock room, shop and warehouse in Honolulu.

If, as anticipated, the current construction activity continues during 1961 and conditions in the sugar and pineapple industries are stable, the sales outlook for the year is favorable.

Opening of the Maui branch had the effect of increasing the staff to the present total of 150 employees.

ELECTRONIC EQUIPMENT

Kentron Hawaii, Limited, a small electronics firm, 43 per cent owned by Castle & Cooke, continued to expand during the year to meet the needs of the local market. Although sales increased, the company has not yet reached the break-even point.

New contracts were won for work on the Pacific Missile Range and for overhaul of Air Force and Navy equipment.

In addition, the company has developed a device for measuring sunlight calories. It is expected this may be of use to agricultural industries in Hawaii and elsewhere.

INSURANCE

Home Insurance Company's handsome new building has parking space for customers.

Home Insurance Company, 41 per cent owned by Castle & Cooke, experienced another record year. Premiums went to a new high of $9,698,000 for 1960 compared with $8,066,000 for 1959, an increase of about 20 per cent.

Net profit for the year was $319,462 against $293,111 for the prior year. The cash dividend rate was increased from $1.60 to $1.90 per share.

Although the company was free of wind damage losses which were experienced in 1959, an increase in workmen's compensation losses toward the end of 1960 caused concern.

In February the company moved into its new five-story building which has provided greatly improved facilities for the offices, sales staff and customers, as well as being widely acclaimed as an aesthetic addition to the community.

CONSOLIDATED INVESTMENTS OF CASTLE & COOKE, INC.*

As of December 31, 1960

STOCK INVESTMENTS:	Shares Outstanding	Number of Shares Held	% of Total Outstanding
Bay & River Navigation Co.	17,000	2,925	17.21
Bishop Trust Co., Ltd.	120,493	4,500	3.73
Calif. & Hawn. Sugar Ref. Corp., Ltd.	151,785	4,386	2.89†
★ Columbia River Packers Assn., Inc.	270,270	163,733	60.58
★ Dole Corporation	2,120,510	1,120,000	52.82
★ Ewa Plantation Co.	222,220	65,000	29.25
Hawaiian Development Co., Ltd.	6,015	259	4.31†
Hawaiian Philippine Co. (Pfd.)	398,778	33,154	8.31
Hawaiian Trust Co., Ltd.	100,000	4,732	4.73
★ Home Insurance Co. of Hawaii, Ltd.	121,889	50,000	41.02
★ Honolulu Oil Corporation	3,750,972	230,307	6.14
Kawaihae Terminals, Inc.	20,000	11,000	55.00
Kentron Hawaii, Ltd. (Pfd.)	10,000	4,529	45.29
Kentron Hawaii, Ltd. (Common)	320,000	137,260	42.89
★ Matson Navigation Company	878,022	212,320	24.18
★ Waialua Agricultural Co., Ltd.	581,481	300,000	51.59

* Includes the following subsidiaries whose financial position and operating results are consolidated with those of Castle & Cooke, Inc.:

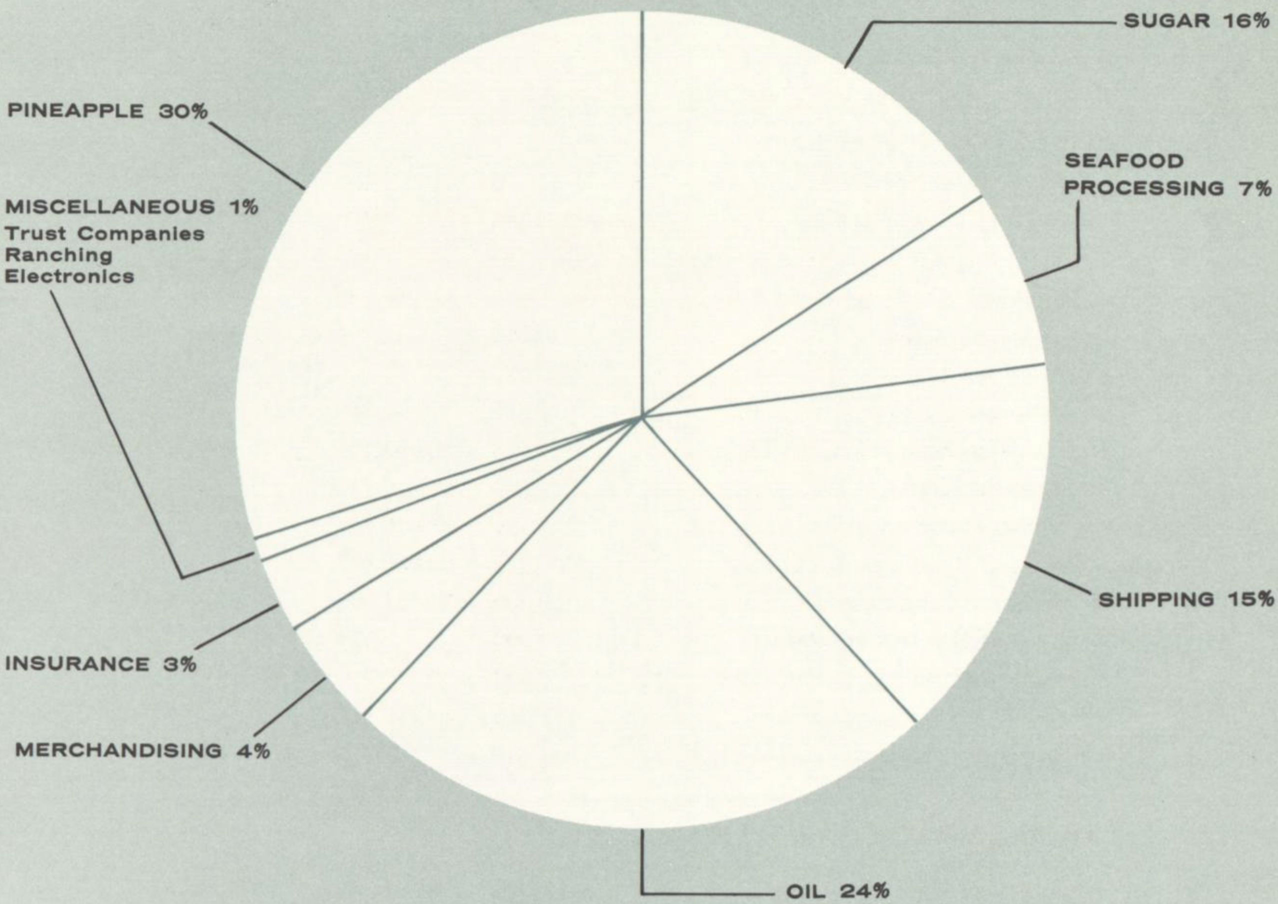
Blackhawk Ranch Co.	15,000	15,000	100.00
Castle & Cooke Terminals, Ltd.	75,000	75,000	100.00
Hawaiian Equipment Co., Ltd.	150,000	150,000	100.00
Kohala Sugar Co.	250,000	249,676	99.87

† These shares are held by Kohala Sugar Company.

★ Annual reports of any of these companies will be mailed to Castle & Cooke stockholders who may be interested. A return postcard has been enclosed for this purpose.

DIVERSIFICATION OF INVESTMENTS*

As of December 31, 1960



*Based on approximate market value or, in the absence of an active market, on book value.

CASTLE & COOKE, INC.

STATEMENT OF CONSOLIDATED FINANCIAL CONDITION

AS OF DECEMBER 31

	1960		1959	
CURRENT ASSETS:				
Cash	$ 2,683,138		$ 2,408,385	
Marketable Securities at Cost—Less Amortization	1,566,008		1,358,731	
Accounts and Notes Receivable	2,984,422		2,099,944	
Mortgage Note Receivable Within One Year	....		17,320	
Inventories:				
Merchandise at Lower of Cost or Market	2,226,383		2,118,608	
Supplies at Cost	749,666		782,584	
Prepaid Expenses	370,170		191,498	
Total Current Assets		$10,579,787		$ 8,977,070
DEDUCT CURRENT LIABILITIES:				
Accounts Payable	$ 4,192,195		$ 3,095,899	
Notes Payable (Note 1)	2,750,724		2,074,111	
Income Taxes Payable	810,703		943,716	
Total Current Liabilities		7,753,622		6,113,726
NET CURRENT ASSETS		$ 2,826,165		$ 2,863,344
GROWING CROPS—STATIC VALUE (Note 2)		1,000,000		1,000,000
INVESTMENTS		22,606,228		21,659,920
LAND AT COST		6,300,360		6,367,099
BUILDINGS, MACHINERY AND EQUIPMENT	$16,571,778		$15,776,021	
Less Reserve for Depreciation	10,557,374		10,061,919	
		6,014,404		5,714,102
NOTES RECEIVABLE		23,765		27,540
		$38,770,922		$37,632,005
DEDUCT:				
Notes Payable, Due After One Year (Note 1)	$ 3,568,951		$ 3,799,200	
Deferred Income—Gain on Sale of Land	....		16,422	
Reserves:				
Insurance and Other	98,231		85,886	
		3,667,182		3,901,508
EXCESS OF ASSETS OVER LIABILITIES AND RESERVES		**$35,103,740**		**$33,730,497**
STOCKHOLDERS' EQUITY:				
Capital Stock: $10 Par Value				
Authorized: 2,500,000 Shares				
Issued: 1,602,611 and 1,571,279 Shares	$16,026,110		$15,712,790	
Capital Paid-In Over Par Value of Stock	1,326,628		673,423	
Capital Arising from Acquisition of Subsidiaries' Stock	2,406,863		2,406,863	
Accumulated Earnings Invested in the Business	15,521,904		15,099,231	
		$35,281,505		$33,892,307
Less Treasury Stock at Cost	(4,950 shs.)	177,765	(4,446 shs.)	161,810
TOTAL STOCKHOLDERS' EQUITY		**$35,103,740**		**$33,730,497**

See Financial Notes.

CASTLE & COOKE, INC.

STATEMENT OF CONSOLIDATED EARNINGS
and
ACCUMULATED EARNINGS INVESTED IN THE BUSINESS

FOR THE YEARS ENDED DECEMBER 31

	1960		1959	
INCOME:				
Agency Fees		$ 1,759,200		$ 1,650,381
Dividends		2,557,755		2,024,378
Interest		57,025		65,823
Gross Receipts (Subsidiaries) (Note 4)	$24,367,809		$22,486,750	
Less: Cost of Sales and Direct Expenses	20,176,934		18,131,329	
Gross Margin (Subsidiaries)		4,190,875		4,355,421
Rentals—Equipment		326,839		324,024
Rentals—Other		901,943		911,375
Gain on Sale of Land		290,512		441,058
Miscellaneous—Net		298,202		231,559
Total Income		$10,382,351		$10,004,019
OPERATING EXPENSES (Note 5)		6,447,197		5,724,351
NET INCOME Before Income Taxes		$ 3,935,154		$ 4,279,668
INCOME TAXES:				
Federal	$ 822,753		$ 1,139,288	
State	120,604		107,755	
California	656		1,235	
		944,013		1,248,278
NET INCOME		**$ 2,991,141**		**$ 3,031,390**
ACCUMULATED EARNINGS INVESTED IN THE BUSINESS—JANUARY 1		15,099,231		14,590,191
		$18,090,372		$17,621,581
DEDUCT:				
Dividends Paid:				
Cash—Per Share—$1.00	$ 1,565,844		$ 1,539,374	
Stock—2%	1,002,624		982,976	
		2,568,468		2,522,350
ACCUMULATED EARNINGS INVESTED IN THE BUSINESS—DECEMBER 31		**$15,521,904**		**$15,099,231**

See Financial Notes.

FINANCIAL NOTES

1. Notes payable in the amount of $6,319,675 consist of (1) $598,675 Hawaiian Equipment Company, Limited, notes payable to the banks. Certain trucks and other equipment are pledged as collateral for these notes. (2) $3,771,000 unsecured Castle & Cooke, Inc., notes payable to banks within the next two years. (3) Demand notes payable to Ewa Plantation Company and Waialua Agricultural Co., Ltd., consist of $800,000 and $1,150,000 respectively.

2. Growing crops of Kohala Sugar Company are stated at a static value which is less than the current cost of the crops.

3. There are outstanding options in favor of officers and employees of Castle & Cooke, Inc., and one subsidiary, under which they have or may acquire rights to purchase an aggregate of 50,288 shares of Castle & Cooke, Inc.

4. Consistent with the accounting procedures for sugar plantations, conditional compliance payments are recorded in the year in which they are received, although the payment is based on the crop of the preceding year. Included in gross receipts in 1960 and 1959 are the amounts of $405,547 and $258,907 respectively, received by Kohala Sugar Company.

5. Included in operating expenses is depreciation which has been calculated on the straight line method except for certain equipment purchased subsequent to 1953 on which depreciation has been calculated on the "sum of the years' digits" method. Depreciation taken during 1960 and 1959 was $894,422 and $836,198 respectively.

6. Contingent Liabilities:

   The outstanding balance at December 31, 1960 of accounts and notes receivable of Hawaiian Equipment Company, Limited, discounted at banks was $1,513,573.

   Not included in the Statement of Financial Condition are unfunded commitments for retirement plans in effect for active employees of the company and its subsidiaries amounting to approximately $608,000 at December 31, 1960. Payments to insurance underwriters in 1960 for the insured plans were $674,000, of which approximately $583,000 was on account of current service cost and $91,000 was applied to the unfunded commitments.

   The company is the guarantor of notes issued by Windward City, Ltd., to the Bank of Hawaii now amounting to $537,931. These notes are to be refinanced May 1, 1961.

   The company is a guarantor, along with other stockholders, of its proportionate share of loans of Kawaihae Terminals, Inc. As of December 31, 1960, its share of the guaranty was $672,000.

7. Principles of Consolidation:
   Companies in which Castle & Cooke, Inc., owns substantially all of the outstanding stock have been consolidated in the accompanying financial statements. These companies include:
   1. Castle & Cooke Terminals, Limited
   2. Hawaiian Equipment Company, Limited
   3. Kohala Sugar Company
   4. Blackhawk Ranch Co.

HASKINS & SELLS

CERTIFIED PUBLIC ACCOUNTANTS

1154 BISHOP STREET
HONOLULU 9, HAWAII

AUDITOR'S REPORT

To the Stockholders of
Castle & Cooke, Inc.:

We have examined the Statement of Consolidated Financial Condition of Castle & Cooke, Inc., and its subsidiaries at December 31, 1960, and the Statement of Consolidated Earnings and Accumulated Earnings Invested in the Business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the accompanying Statements of Consolidated Financial Condition, Consolidated Earnings and Accumulated Earnings Invested in the Business present fairly the consolidated financial position of Castle & Cooke, Inc., and its subsidiaries at December 31, 1960, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Haskins & Sells

February 20, 1961

DIRECTORS

A. G. BUDGE, *Chairman*

J. BALLARD ATHERTON
E. E. BLACK
W. M. BUSH
A. L. CASTLE
H. K. L. CASTLE
H. C. CORNUELLE
MALCOLM MACNAUGHTON
J. H. MIDKIFF
GEO. G. MONTGOMERY
J. S. B. PRATT III
T. F. SANDOZ
FREDERICK SIMPICH, JR.
T. G. SINGLEHURST
A. F. STUBENBERG
R. H. WHEELER
H. W. B. WHITE

OFFICERS

A. G. BUDGE	*Chairman of the Board*
MALCOLM MACNAUGHTON	*President*
H. K. L. CASTLE	*Vice President*
W. M. BUSH	*Vice President*
FREDERICK SIMPICH, JR.	*Vice President*
JOHN F. MURPHY	*Vice President and Secretary*
HENRY B. CLARK, JR.	*Treasurer and Assistant Secretary*
HOWARD HUBBARD	*Controller*
J. K. PALK	*Assistant Treasurer*
W. M. HALE, JR.	*Assistant Secretary*
H. M. RICHARDS	*Assistant Secretary*

AUDITOR

HASKINS & SELLS

STOCK TRANSFER AGENTS

HAWAIIAN TRUST CO., LTD. • Honolulu
WELLS FARGO BANK–AMERICAN TRUST COMPANY
San Francisco

REGISTRARS

BISHOP TRUST CO., LTD. • Honolulu
WELLS FARGO BANK–AMERICAN TRUST COMPANY
San Francisco

The Mission Depository where Castle & Cooke started business in 1851.

HIGHLIGHTS FROM HISTORY

Castle & Cooke was founded June 2, 1851, as a partnership by Samuel Northrup Castle and Amos Starr Cooke. They had arrived in Hawaii in 1837 as lay members of the eighth missionary company sent to the islands by the American Board of Commissioners for Foreign Missions in Boston.

Castle, with a background of banking and bookkeeping experience, was assigned to the mission depository, a combination store, warehouse and bank which served the business needs of the mission colony. Cooke and his wife established the Royal School for the children of native chiefs.

Some twelve years after the arrival of Castle and Cooke in Hawaii, the American Board decided that the mission program in the islands should be economically self-sustaining. Castle and Cooke formed a partnership and made arrangements to operate the depository as a commercial enterprise.

When the company was established in 1851, Honolulu was booming with business generated by visits of whaling ships and by the California gold rush trade.

By the late 1850's prospects of establishing sugar cane as a major commercial crop for Hawaii were showing increasing promise. Castle & Cooke subsequently became business agents for a number of plantations and throughout the ensuing years the company was prominently identified with the growth and development of Hawaii's major industry. Today Castle & Cooke has substantial investments in and serves as business agent for three sugar plantations.

Because of Hawaii's economic dependence on reliable waterborne commerce, Castle & Cooke has been involved in shipping directly or indirectly since organization of the firm. The original partners became agents for the bark Morning Star in 1856. As the business grew, the company acquired interests in various vessels serving the Hawaiian trade. Shortly after the turn of the century the company established an agency and investment relationship with the Matson Navigation Company and continues today as Matson's freight agent for the port of Honolulu. Meantime, the company developed stevedoring and freight traffic services to meet the growing needs of the port.

As a result of the Matson relationship Castle & Cooke also acquired an interest in Honolulu Oil Company which was established originally by Capt. William Matson to provide fuel oil for his ships.

Castle & Cooke's interest in Hawaii's second largest agricultural industry, pineapple production, dates from about 1909 when the company participated in leasing of lands for the first large scale commercial plantings on Oahu. Today the company is the majority shareholder in Hawaiian Pineapple Company, one of the world's largest growers and processors of pineapple products.

In recent years the company has followed a program of selective diversification. An investment in Hawaiian Tuna Packers, Limited, led eventually to ownership of the latter firm and to a merger into Columbia River Packers Association in which Castle & Cooke now holds a 60 per cent interest.

Foreseeing a potential in macadamia nut production, the company acquired land and established an orchard and processing plant on the Island of Hawaii. Royal Hawaiian Macadamia nuts, grown, processed and packed by Castle & Cooke, now have nationwide distribution.

A wholly owned subsidiary established following World War II is distributor for various lines of industrial and agricultural equipment.

More recently the company participated in organization of Hawaii's first firm to manufacture and provide services for various types of electronics equipment.

The company's large land holdings in Hawaii were supplemented by purchase of the 6,600-acre Blackhawk Ranch in California in an area of potential residential and industrial growth.

Thus, in the more than a century which has elapsed since formation of the original two-man partnership, Castle & Cooke has become a management and investment company with more than 3,600 shareholders. In addition to the management staff, the company organization today includes departments specializing in purchasing, freight traffic, land matters, accounting, industrial and civil engineering, industrial and public relations and other business functions. The company, together with its subsidiaries and affiliated firms, is engaged in a wide variety of business activities which over the years have contributed to Hawaii's economic growth and diversification.

As of February 24, 1960, Bank of America National Trust and Savings Association became San Francisco registrar for Castle & Cooke, Inc.